



February 12, 2014

House Committee on Tax Policy  
The Honorable Jeff Farrington  
Anderson House Office Building  
124 North Capitol Avenue  
Lansing, MI 48933

Dear Chairman and distinguished members of the Committee:

On behalf of the more than 88,000 activists of Americans for Prosperity-Michigan, I am writing in support of HB 5267, which would reduce the individual income tax rate from 4.25% down to 4.05% by 2016, and establish a path toward additional tax relief if revenue triggers are activated. This legislation represents a good first step toward delivering meaningful, long-term tax relief to working Michigan citizens.

It's no secret that Michigan has suffered from poverty of opportunity: Jobs have left our state, people have left our state, and businesses have left our state. Last year, for the first time since 2004, Census estimates showed that Michigan finally gained population. This is no doubt due to the hard work of our state policymakers, who have advanced a reform agenda that has started to bring Michigan back.

Now, with a projected budget surplus of more than \$1 billion, it's time to take another important step toward further stimulating economic growth and moving our state down the path toward being more competitive nationally and regionally.

There is a growing consensus among Governors and state lawmakers around the country that reducing taxes will make their states more attractive places for people to live, work and do business. In 2013, according to a report published by the American Legislative Exchange Council, 18 states reduced taxes, with many of these tax cuts focused on personal and corporate income.

Indiana reduced its tax burden by \$1.1 billion, dropping the rate from 3.4 percent down to 3.23 percent by 2017. Ohio reduced taxes by \$2.7 billion and Wisconsin nipped \$650 million out of its tax burden.

In 2014, we anticipate this trend will continue. In the face of a \$912 million budget surplus, Gov. Scott Walker has proposed returning \$504 million to taxpayers by mid-2015. New York's Gov. Andrew Cuomo made it clear in his State of the State address that he would not tolerate New York's reputation as a high-tax state.

"People move and businesses flee," said Cuomo. "So let's continue to make our state more competitive."

Economic growth ultimately emerges from production, innovation, risk-taking and plain old hard work. Rewarding Michigan citizens for working hard by allowing them to keep more of the money they earn will create an atmosphere of opportunity. Conversely, punishing those who work by taking more of the fruits of their labor establishes an environment that encourages dependency.

I urge you to support HB 5267 as a great start to a broader conversation about reducing Michigan's tax on work. Please don't hesitate to contact me directly to discuss this issue or legislation further, (517) 853-9073 or [shagerstrom@afphq.org](mailto:shagerstrom@afphq.org).

Sincerely,

Scott Hagerstrom  
State Director  
Americans for Prosperity-Michigan